

**GARFIELD COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

Enid, Oklahoma

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

**GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
ENID, OKLAHOMA**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	4
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis	5
Statement of Cash Flows – Modified Cash Basis	6
NOTES TO BASIC FINANCIAL STATEMENTS	7-11
OTHER SUPPLEMENTARY INFORMATION:	
Supplemental Schedule of Conduit Debt Projects	12
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND INTERNAL CONTROL	
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Garfield County Educational Facilities Authority
Enid County, Oklahoma

Report on Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of Garfield County Educational Facilities Authority (the Authority), a component unit of Garfield County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Authority, as of June 30, 2021, and the changes in modified cash basis financial position for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplement schedule of conduit debt is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated May 31, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Chas. W. Carroll, P.A.
May 31, 2023

FUND FINANCIAL STATEMENTS

**GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
ENID, OKLAHOMA**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021**

ASSETS

Total Assets	\$ <u>310,053.17</u>
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LIABILITIES

Total liabilities	<u>0.00</u>
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NET POSITION

(Unrestricted)

Total Net Position	\$ <u><u>310,053.17</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

**GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
ENID, OKLAHOMA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

Operating revenues:	
Administrative fees	\$ 39,590.00
Total operating revenues	<u>39,590.00</u>
Operating Expenses:	
Professional fees	<u>47,000.00</u>
Total operating Expenses	
Operating Income (Loss)	<u>(7,410.00)</u>
Nonoperating revenue (expense)	
Interest income	<u>995.42</u>
Total nonoperating revenue (expense)	<u>995.42</u>
Change in net position	(6,414.58)
Net position beginning of year, restated	<u>316,467.75</u>
Net position end of year	<u><u>\$ 310,053.17</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
ENID, OKLAHOMA**

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities

Administrative fees	\$ 39,590.00
Payment to vendors	(47,000.00)
Net cash provided (used) by operating activities	<u>(7,410.00)</u>

Cash flow from investing activities

Intterest earned	995.42
Net cash provided by (used for) investing activities	<u>995.42</u>

Net increase (decrease) in cash and equivalents	(6,414.58)
Cash and cash equivalents at beginning of year	<u>316,467.75</u>
Cash and equivalents at end of year	<u><u>310,053.17</u></u>

**Reconciliation of operatng income (loss) to net cash
provided (used) by operating activities**

Opeerating income (loss)	\$ (7,410.00)
Adjustment to reconcile to operating income to net caash provided (used) by operating activities	
Net cash provided by (used for) operating activities	<u><u>\$ (7,410.00)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
Enid, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Garfield County Educational Facilities Authority (“GCEFA”) is a public trust created under a Trust Indenture dated April 12, 2010, for the use and benefit of Garfield County, Oklahoma (the “Beneficiary”), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2003, Sections 176 to 180.3, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (collectively, the “Acts”). GCEFA is not organized for profit and no part of its net earnings may inure to the benefit of any private person.

The Garfield County Educational Facilities Authority by virtue of common control and dependence is a component unit of Garfield County, Oklahoma. The Board of County Commissioners serve as Trustees of the GCEFA. The Trustees are citizens and residents of Garfield County, as set forth in the Trust Indenture. The financial activities of Garfield County and its other component units are not included in the financial statements of the GCEFA.

Purposes of the Trust

- To function as an industrial, cultural, economic development and education development trust to assist the Beneficiary, the State of Oklahoma, its governmental agencies and private entities, agencies and citizens in its charitable, scientific, literary, or educational purposes and in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefit of the Beneficiary in order to lessen the burdens on government and to stimulate charitable, scientific, literary, and educational economic development; to inventory the services, facilities and resources of the entire Beneficiary; to promote, stimulate, encourage and finance the growth and development of commerce, recreation, education, and industry of the Beneficiary as a whole, all in order to achieve maximum utilization of the Beneficiary’s human, charitable, scientific, literary, educational, economic, recreational, natural resources and tourist attractions; to foster and promote an industrial climate and the payroll of the Beneficiary and to otherwise promote its general economic welfare and prosperity and to finance any and all programs, facilities or resources promoting or intending to promote any of the foregoing
- To promote, develop, own, construct, lease and finance charitable, scientific, literary, or educational facilities, including housing, of any sort or description constituting real and/or personal property
- To hold, maintain and administer any leasehold rights in and to physical properties demised to the Beneficiary and to comply with the terms and conditions of any such lease.

GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
Enid, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include related entity receivables, purchased capital assets and related depreciation and liabilities arising from cash transactions or events.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses are not recorded in the financial statements. In addition, other economic assets, deferred outflows, liabilities and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Measurement Focus

The GCEFA accounts for its activities within a proprietary fund. The GCEFA activities meet the definition of a proprietary fund because it is the intent of GCEFA to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus within the limitations of the modified cash basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position within the limitations of modified cash basis. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and net financial position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
Enid, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purpose of financial reporting, the GCEFA has defined “cash and cash equivalents” to include demand deposits, cash with trustees and highly liquid investments with an original maturity of three months or less when purchased.

Restrictions of Net Position

The use of assets of each bond program fund is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of project costs for the respective program purposes or to the retirement of obligations issued for such purposes. The use of funds accumulated in the debt service fund account is restricted for debt service, trustee fees, and special mandatory redemptions. The rebate fund is restricted for purposes of an arbitrage rebate agreement, if any, between the Trustee bank and the GCEFA. When the GCEFA incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first.

Operating and Non-operating Revenues

Proprietary fund operating revenues result from exchange transactions related to the operations. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income result from non-exchange transactions. Operating expenses include interest paid on debt which is the primary operating purpose of the Authority.

Budgetary Comparison

Budgetary comparison information is required to be presented for the general fund with a legally adopted budget. The GCEFA is not legally required to adopt a budget. Therefore, budget comparison information is not included in the Authority’s financial statements.

Subsequent Events

Subsequent events have been evaluated through the date of this report, which is the date the financial statement were available to be issued.

NOTE 2: CONDUIT DEBT OBLIGATIONS

The Authority has issued education facility lease revenue bonds that meet the definition of a conduit debt obligation to finance construction of projects by public schools. The properties financed by the bond proceeds are pledged as collateral on the bonds. The public schools are the obligors under the underlying mortgage loans or promissory notes. The bonds are payable solely from payments received from the obligors on the loans. In addition, no commitments beyond the collateral the payments from the obligors and maintenance of the tax-exempt status of the conduit debt obligations were extended by the Authority for any of these bonds. At June 30, 2021, the bonds have an aggregate outstanding principal amount payable of \$ 100,580,000.00.

GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
Enid, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES

At the beginning of 2021, the Authority changed its financial reporting basis to the modified cash basis from accounting principles generally accepted in the United States of America. This basis of accounting more closely matches the basis used to maintain financial records.

Also the Authority early implemented Governmental Accounting Standards Board (GASB) Statement No. 91 *Conduit Debt Obligation*. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards of accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB 91 also addresses arrangements, often characterized as leases that are associated with conduit debt obligations. Issuers should not report these arrangements as leases nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to the arrangements. The Authority has restated beginning net position due to this implementation.

The effects of these changes in accounting principles are noted below:

	Per Audit June 30, 2020	Restatement	Restated June 30, 2020
Current Assets			
Restricted cash & investments	\$ 69,576.07	\$ (69,576.07)	\$ 0.00
Accrued revenue receivable	678,095.54	(678,095.54)	0.00
Accrued interest receivable	237,333.44	(237,333.44)	0.00
Noncurrent assets			
Lease receivable	28,254,853.79	(28,254,853.79)	0.00
Current Liabilities			
Accrued interest payable	678,095.54	(678,095.54)	0.00
Current maturities of long-term debt	5,885,000.00	(5,885,000.00)	0.00
NonCurrent Liabilities			
Bonds payable less current maturities	28,365,000.00	(28,365,000.00)	0.00
Net Position			
Restricted for debt service	\$ (5,688,236.70)	\$ 5,688,236.70	\$ 0.00

GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
Enid, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE 4: RELATED PARTY TRANSACTION

The Authority transfers the administrative fees collected to the County for the cost of providing services to the Authority. Total fees transferred for the fiscal year ended June 30, 2021, were \$ 39,590.00.

OTHER SUPPLEMENTARY INFORMATION

**GARFIELD COUNTY EDUCATIONAL FACILITIES AUTHORITY
ENID, OKLAHOMA**

**SUPPLEMENTAL SCHEDULE OF CONDUIT DEBT PROJECTS
JUNE 30, 2021**

Bond	Issued	Interest Rate	Maturity	July 1, 2020	Additions	Reductions	June 30, 2021
2010 Series (Enid Public Schools project)	6/1/2010	1.941-6%	9/1/2024	\$34,250,000.00		5,885,000.00	\$28,365,000.00
2016A Series (Enid Public Schools project)	6/1/2016	5%	9/1/1931	\$57,025,000.00			\$57,025,000.00
2016B Series (Enid Public Schools project)	6/1/2016	2.35-2.85%	9/1/2025	\$7,700,000.00			\$7,700,000.00

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Board of Education
Garfield County Educational Facilities Authority
Enid, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Garfield County Educational Facilities Authority, a component unit Garfield County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 31, 2023. Our report included an emphasis of matter paragraph that the financial statements were prepared on the modified cash basis of accounting. My opinion on the basic financial statements was not affected by this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL/COMPLIANCE REPORT
Garfield County Educational Facilities Authority
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chas. W. Carroll, P.A.
May 31, 2023